



Date: April 29, 2014
To: Thomas Bonfield, City Manager
From: Germaine Brewington, Director of Audit Services
Subject: Transmittal of Dedicated Funding Source Performance Audit (March 2014)

Executive Summary

The Department of Audit Services completed the report on the Dedicated Funding Source Performance Audit dated March 2014. The purpose of the audit was to determine the adequacy of controls to validate that Dedicated Funding Source funds are provided to eligible recipients and used for their intended purposes.

Background

The Dedicated Housing Fund was established in FY 2012-FY 2013 to account for activities related to the dedicated one cent portion of the property tax that City Council members approved as part of the FY 2012-2013 budget. With respect to affordable housing, Durham has two priorities- affordable rental housing for low wealth households and permanent supportive housing for formerly homeless persons with special needs.

The Department of Community Development is charged with managing and spending the Dedicated Funding Source funds. For FY 2013 approximately \$2,374,654 of Dedicated Funding Source funds were available for use. Of these, approximately \$989,053 were expended as of January, 2014. For FY 2014 approximately \$2,370,104 of Dedicated Funding Source funds were projected. Of these, approximately \$323,135 were expended as of January, 2014.

Results in Brief

Adequate controls existed over the process of allocating the use of Dedicated Funding Source funds. Adequate controls existed over programs administered internally by the Department of Community Development staff. The internally administered programs examined included the First Time Home Buyers Program, Elderly Disabled/ Urgent Repairs Programs and the Neighborhood Revitalization Southside West (activities funded by Dedicated Funding Source funds only). The documentation maintained to support the eligibility requirements and approval process for the First Time Home Buyers Program was excellent. The Elderly Disabled/Urgent Repairs Program also had adequate controls to ensure funds were provided to eligible recipients. The Department of Community Development staff could strengthen the controls around the Dedicated Funding Source funds allocated to the Elderly Disabled/Urgent Repairs Program by ensuring that project managers complete a Disclosure of Conflict of Interest Form to mitigate the risk of fraud, waste, or abuse in the Program.

Adequate controls existed to monitor activities carried out by the sub-recipient Housing for New Hope for the Rapid Re-Housing Program. The Department could improve its processes of documenting the review performed of the eligibility requirement documentation provided by Housing for New Hope. In addition, developing written standard operating procedures for the Rapid

Re-Housing as well as Elderly Disabled/Urgent Repairs Programs would help standardize the process in case of staff turnover.

Issues and Analysis

The attached report details the objectives, observations, and results of the Dedicated Funding Source Performance Audit dated March 24, 2014.

Recommendation

The Department of Audit Services recommends the City Council receive and accept the Dedicated Funding Source Performance Audit dated March 2014 as presented and approved at the March 24, 2014 Audit Services Oversight Committee meeting.

Attachment